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Singapore GST refund fraud: raids, a six-year sentence and what buyers must check

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IRAS raided more than 20 locations in March and a missing trader case ended in June with a six-year jail term. Honest businesses can still lose input tax if they skip due diligence.

Country reference

- Country: Singapore (Wave 1 expansion country)
- Authorities: Inland Revenue Authority of Singapore (IRAS); Singapore Police Force
- Topic: GST refund audits, investigations and Missing Trader Fraud
- Key date: Raids on 17 March 2026; sentencing on 29 June 2026
- Law: Goods and Services Tax Act 1993; Companies Act 1967

What happened

- 17 March 2026: IRAS investigators raided more than 20 business premises and homes in several suspected GST refund fraud cases. One person was arrested and seven others are assisting. In one case IRAS seized 179 luxury watches valued at more than S$1 million. The alleged methods were fictitious purchases, inflated transactions, false tax invoices and shell companies.
- 29 June 2026: a key member of a Missing Trader Fraud syndicate was sentenced to six years in jail for fraudulent trading. The scheme involved about S$114 million in fictitious sales and close to S$8 million in fraudulent input tax claims. It was the last of eight accused to be dealt with.

The audit numbers

IRAS says it audited more than 1,300 businesses making GST refund claims in 2025 and recovered over S$100 million in taxes and penalties. Most errors came from weak internal controls or wrong application of the rules, not fraud. Across all taxes, IRAS audited and investigated 8,560 cases in FY2025/26 and recovered about S$589 million.

The exposure for ordinary businesses

- A GST-registered business that claims input tax on a supply it knew, or should have known, was part of a Missing Trader Fraud arrangement loses the input tax and pays a 10% surcharge on the amount denied.
- For deliberate fraud, the penalty is three times the tax undercharged, plus a fine of up to S$10,000, imprisonment of up to seven years, or both.
- Voluntary disclosure of errors is treated as a mitigating factor and may reduce penalties.
- Informants may receive 15% of the tax recovered, capped at S$100,000.

What to do now

- Run supplier checks on new or unusual deals: GST registration, trading history, pricing that makes commercial sense, and evidence that goods exist and move.
- Follow the IRAS e-Tax Guide on due diligence checks to avoid Missing Trader Fraud, and keep the file.
- Before filing a refund claim, reconcile input tax to valid tax invoices and correct past errors through voluntary disclosure.

Our take

The message matches the United Arab Emirates' new supplier-check rule for input VAT: tax authorities now expect the buyer to know its supply chain. Build the checks into supplier onboarding so the evidence exists before a refund is questioned.

Sources

- IRAS: Island-wide raids in crackdown on GST refund fraud (19 March 2026)
- IRAS: Key member of GST Missing Trader Fraud syndicate sentenced (29 June 2026)
- IRAS Annual Report FY2025/26 media release

Important. This summary is for general information and is not tax, legal or financial advice. It is based on public Inland Revenue Authority of Singapore publications and may be incomplete or out of date. The official legislation and guidance prevail; check the official text before acting.

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